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TOWN OF JEROME, ARIZONA

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MINUTES

SPECIAL MEETING OF THE JEROME TOWN COUNCIL **JEROME CIVIC CENTER - 600 CLARK STREET - COUNCIL CHAMBERS** **THURSDAY, MAY 29, 2014 AT 2:00 P.M.**

ITEM #1:	CALL TO ORDER/ROLL CALL Mayor/Chairperson to call meeting to order. Town Clerk to call and record the roll. <i>Mayor Check called the meeting to order at 2:06 p.m.</i> <i>Town Manager/Clerk Candace Gallagher called roll. Present were Mayor Nikki Check, Vice Mayor Lew Currier and Councilmembers Randall Hunt and Anne Bassett. Councilmember Bill Phinney was absent.</i> <i>Other staff in attendance at roll call included Fire Chief Rusty Blair, Public Works Director Dwain Dement, Finance Director Rebecca Cretti, Contract Wastewater Operations Manager Henry MacVittie and Deputy Town Clerk Rosemarie Shemaitis.</i>
ITEM #2:	2014-15 BUDGET The Mayor and Council will continue their work on the 2014-15 municipal budget. Work will take place in roundtable format. Discussion will focus on the water, sewer and sanitation budgets; however, other aspects of the budget may also be discussed. <i>Ms. Gallagher presented and reviewed a memo along with the second draft of the 2014-15 Municipal Budget. Her memo summarized changes made since the first draft. The points of her memo are listed below, with comments and highlights of discussion that ensued (not necessarily in chronological order):</i> <ul style="list-style-type: none"><i>This draft does not include as revenue the use of ANY general fund balance.</i> <i>Ms. Gallagher said that Council may have to utilize fund balance to cover any capital expenditures that have not yet been put into the budget. This will be for Council to decide.</i><i>This draft also does not include ANY transfers from the general fund to the water, sewer or sanitation budgets.</i> <i>Ms. Gallagher reiterated that, in order to fund any capital projects that are not yet included in the budget, it may be necessary to utilize general fund balance and transfer it from the general fund to the water and sewer budgets.</i> <i>Ms. Gallagher added that she had received preliminary information from our auditors that our general fund surplus for this fiscal year was over \$500,000.</i> <i>Vice Mayor Currier asked if we had drawn down any funds this year. Ms. Gallagher replied that we had planned in the 2013-14 budget to draw down \$60,000, but it appears we will only need to use \$30,000. We won't know the exact amount until the end of the year.</i>



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Jerome Town Hall Located at 600 Clark Street, Jerome Civic Center

- Public works salaries have been reallocated significantly.

Ms. Gallagher said that she has received information from Mr. Dement about the actual hours the crew spent in each department during the prior year and she changed the coming year's allocations for each department accordingly. The change was significant. It shifts more of the salaries from the Enterprise Fund to the General Fund, which is one of the reasons that we no longer have to transfer funds there.

- The general fund's transfer to the HURF fund was increased.

Ms. Gallagher noted that the public works salary allocation to HURF had increased based on prior year activity.

- Increased anticipated revenue from sales tax, utility franchises and sale of assets.
- Increased election expenses to allow for a general election.
- Reduced the use of ENTERPRISE fund balance in the water budget by \$3,000.
- In the sewer budget, reduced engineering fees by \$4,400.

Ms. Gallagher said that she originally had included \$5,400 for the construction phase at the sewer plant road project, but since we haven't decided on that yet for this fiscal year, she took it back out. This will be discussed further during discussion of the sewer budget.

- Also in the sewer budget, reduced the line for "R&M – Infrastructure" to \$12,000.

Ms. Gallagher noted that she had made minor adjustments to several other line items after reviewing updated year-to-date information.

Also included in the memo were several items that were in the first draft of the budget but are up for discussion. STILL INCLUDED in this budget are:

- A 1.5% increase in salaries/wages.
- A 50% increase in Fire Department training and education.
- A \$5,500 increase in the library's budget expenses.
- \$3,500 in the parks budget as the Town's contribution toward the Horseshoe Pit/Leaning Wall project.

It was noted that the Town's contribution may be able to be "in kind."

Mayor Check suggested we include a contingency for fundraising.

There was discussion regarding the timeline for the project, and whether it could happen during the coming fiscal year. Ms. Gallagher said that if we put it in the budget, then we will have the option to do it.

- Funding in the properties budget for infrastructure repair to include work on the steps next to the sluice.
- Funding in the P&Z budget for a laptop and projector for P&Z presentations, and updated Code books for the building department.

Mayor Check noted that, if purchasing a projector for the P&Z department, it should also be available for Council meetings.

- \$20,000 in the properties budget for repair and maintenance of Town buildings.

Vice Mayor Currier asked what projects are planned in the properties budget. Ms. Gallagher read from a memo provided by Ms. Shemaitis at a previous meeting, which listed various maintenance projects. Mr. Currier stated, "a lot of money is being spent on this building because we are in it." He said that work on the Town

Hall building should be last in priority – if we have extra money, then we could use it for this building; otherwise, he said, it is a mistake.

Ms. Shemaitis said that she feels buildings should be maintained, and, until she started working for the town, there had been no maintenance or anything done to this building.

Chief Blair noted that this structure actually has rentable space in it, and improvements will help rent the spaces, which makes money for the town. Also, in regard to fire code, he said that there is a lot of open space, and the more that space is compartmentalized, the safer it becomes. Chief Blair added that he allowed the spaces on the third floor to be occupied with the assurance that the other side would be developed to help alleviate fire spread.

Vice Mayor Currier said that he hasn't seen any money put in at the town yard. Mr. Dement disagreed, and said that they have done quite a bit of work at the yard.

Mr. Currier clarified that he is not saying to not do anything to this building; he is just saying to have that at the end of the process, so that more important things will be sure to get done.

Ms. Cretti said that she would like to see development of the rentals. Mr. Currier agreed.

Ms. Gallagher noted that this line item in the budget covers all the town properties and is not earmarked for any one property in particular, so it can be spent as needed.

- Funding in the water budget for repairs/rebuilding/replacing regulators on School Street, Clark Street and Gulch Road, as well as \$15,000 toward other water system maintenance.
- \$5,000 set aside in sanitation budget toward eventual purchase of new garbage truck.

Mr. Dement estimated that a new garbage truck will cost around \$200,000.

Ms. Gallagher's memo also noted several items that are not included in either draft but should be discussed. Her memo pointed out that the budget still **does NOT include** the following:

- Request by Fire Department for additional staff member (22 hours per week). Estimated added cost = \$17,000.
- Request by Zoning Administrator for part time assistance. Estimated added cost = \$2,000 to \$6,000 depending on hours.
- Request by Finance Director for PAYSCALE software. Estimated first year cost = \$3,820
- Funds for repairs to redstone and drystack walls. Estimated added cost = \$8,000 - \$10,000
- Separation of Humane Society furnace and installation of new furnace for three rental spaces; Estimated cost = \$9,500
- Hard costs for construction of sewer plant road (Estimated cost not yet available from the engineer)
- Hard costs for Gulch Septic project (replacement of septic tanks and leech field, road repairs, sewer line replacements); Estimated cost = \$45,000

Ms. Gallagher explained that that is something she would like to talk about today. She has spoken with Mr. Dement and Mr. MacVittie and they agree that this should

be a priority. It would include replacing the septic tanks in the leach field, repairing the road and replacing sewer lines. She added that the \$45,000 is a very rough estimate.

- Request by Magistrate for use of fund balance accumulated in prior years through court enhancement revenues that were submitted to Town and placed into general fund rather than retained in separate account. Funds would be used toward completion of third floor courtroom. Estimated cost = \$28,000 - \$30,000
- Other capital projects or other expenditures that Council may wish to consider

Council then moved on to discussion of the sewer, water and sanitation budgets.

Highlights of the discussions are presented below, not necessarily in chronological order.

A brief recess occurred between 2:55 and 3:00 p.m.

Sewer

- Mayor Check asked if we had yet met the **ADEQ requirements** from the past year. Mr. MacVittie responded that we are still waiting for the issuance of a renewed permit for discharge into Bitter Creek. He has spoken with Debra Daniel at ADEQ and she is confident that things are moving along just fine. He said that the permit should be coming out in the near future. He added that everything has been working fine at the facility, but there is some general maintenance and housekeeping that needs to be done.

Mr. MacVittie clarified that he is referring to the discharge permit required by AZPDES, which is for a five-year term, and he is requesting a variance on the nitrogen and phosphorus discharges. Currently, ADEQ is looking for a total level for nitrogen of 1 ppm and 0.1 ppm for phosphorus. Our current permit allows 25 ppm for nitrogen and 15 ppm for phosphorus, and we meet that standard.

There was discussion regarding how we might meet the more stringent requirements. Chief Blair asked if pumping the effluent up onto the hillside would alleviate those issues. Mr. MacVittie responded that it would, if we could keep the discharge from the creek. He said that there are also other means of disposing of the effluent, including reuse, a subsurface discharge system, and spray irrigation. If we were to design a system where we weren't discharging at all into the creek, he said, then we would not have to operate under the strict limits that ADEQ requires.

Councilmember Bassett asked if it is legal to use the effluent water for firefighting. Chief Blair said that it would require a dedicated tank that is plumbed for effluent and discharge. Mr. MacVittie noted that it could not be tied into the other tanks because they are part of the drinking water system; they serve as surplus for fire suppression but they are drinking water tanks. Chief Blair explained that there could be cross-contamination issues. Mr. MacVittie remarked that there would also be tank and pump maintenance issues.

Mayor Check opined that the water should be able to go to the river and it is our responsibility to clean it up before it gets there. She said that she would like to get our infrastructure current as opposed to undertaking evaporative efforts.

- There was discussion regarding the **sewer plant road project**, and whether to plan for that construction in the coming fiscal year. Vice Mayor Currier asked if it is possible to get a pumper truck to the sewer plant. Mr. MacVittie said that there is no reason to put a pumper truck down there right now. He said that, the longer it takes ADEQ to renew our permit, the more time we will have to meet their requirements. If we receive a five-year permit, which is the industry standard, we would be ahead of the game because we will already have the engineering done for the road. Currently, we are not yet into the first year of our permit, and

the Town is ahead of the game.

Mr. MacVittie said that Ms. Gallagher had the foresight to ask him what is most important: to start putting money toward actual construction of the sewer plant road, or to address the Gulch septic system. He said that we are going to have to move forward with the road because, at some point, we are going to have to upgrade our wastewater plant, which will necessitate people driving in and out. But, he added, for this coming year, if we put off some of that construction and dealt with the septic systems in the Gulch, he thinks that is logical and the best way to approach things, as the potential costs are very high if the systems fail in the Gulch.

Ms. Gallagher clarified that the construction phase of the engineering for the sewer plant road would take place during the construction itself.

- Council discussed the **Gulch septic system project**. Vice Mayor Currier asked if the \$45,000 represents work that would be done within one fiscal year. Mr. MacVittie confirmed that the road could be repaired, the tanks replaced, and the system up and running within one year. Mr. MacVittie added that legal issues could hold it up and Mr. Dement said that the land could be an issue. Ms. Gallagher said that she will need to talk to the Town Attorney regarding a prescriptive easement for the roadway. There was a brief discussion regarding the possibility of invoking eminent domain.

Mr. MacVittie said that Mr. Dement had suggested situating the new tanks further upstream, which would allow us to continue using the old tanks while the new ones are installed. It would also allow for a larger drainage field for a leach line. The old tanks would be emptied, crushed with a backhoe, filled with rocks and covered over, rather than removed. He expressed support for that idea, and added that, in that case, the road improvements would not need to extend as far.

Ms. Gallagher asked if this project would require engineering, as she had not yet anticipated that in the budget. Mr. Dement and Mr. MacVittie agreed that it would not, as we are simply making repairs and not adding any new connections to the system.

Chief Blair obtained maps of the property, which Council briefly reviewed. It was generally agreed that the first steps here will be to talk with our attorney and to get funding in place.

Ms. Moore said that some residents on the Gulch system have been paying for years for the improvements for the sewer plant, even though they all have septic. She opined that the Town should now be able to expend funds to pay for the Gulch system. There was discussion as to how many homes are in that area and how many are on the system. It was determined that that are approximately 25 homes in the Gulch and about 21 of them are on the Town sewer system.

Mr. Dement expressed support for the Gulch septic system improvements as a priority in the sewer budget and said that it is important. It was generally agreed to include \$45,000 in the budget for this, and that, if necessary, the funds will be provided through fund balance. Ms. Gallagher commented that Council could also consider a rate increase to help fund this project. Vice Mayor Currier commented that, at this point, he does not see the need to raise utility rates.

- It was discussed and agreed that the sewer budget would also include **\$12,000 for other repairs** that may become necessary during the year. Mr. Dement said that he would like to repair the sewer line at 6th and Verde.
- Chief Blair commended the Town Crew for doing an excellent job this past year

with sewer repairs, including the Rich Street project, and the significant improvements they made to our sewer and water systems.

- It was noted that, if the crew will be working a lot on sewer projects this year, it will add more labor costs to the sewer budget. Ms. Gallagher explained that this would be then be reflected in the following year's budget, as she allocates salaries based on the prior year's work. Actual salaries are charged based on the budget allocation.
- Funding in general was discussed. Ms. Gallagher pointed out that, by transferring monies from the general fund to our utility budgets, we are, in essence, assigning some portion of our sales tax revenues to be used to support our infrastructure. Mr. Currier said that it has been his understanding that utilities should pay for themselves. It was noted that we may be able to obtain WIFA funding for some projects, and that bonding would require a referendum.

Water

- Ms. Gallagher pointed out that this draft of the water budget includes the use \$13,000 in Enterprise Fund balance, and that salaries and benefits figures are lower due to the reallocation of public works salaries.
- The largest item of spending is for infrastructure repairs and maintenance, which includes the replacement of the regulator on School Street. Ms. Gallagher said that we are estimating \$25,000 for that project but she is hopeful that it can be done for less. Materials to rebuild the Clark and Gulch Road regulators are estimated at \$17,000 and an additional \$15,000 is included for other repairs that may be necessary during the year.
- Mr. Dement said he would like an additional \$25,000 for to fix the water line on Hampshire Avenue. That water line has been repaired six times since he has been here, he said. It needs to be "fixed for good." They will need a new valve, slurry and asphalt. Council was generally in favor of including this in the budget.

Chief Blair said that an alternative to replacement of the two water lines there would be to abandon them and tap into the fire line. This could be done for a much lower cost. Mr. Dement agreed that this would be possible. Council was interested in learning more, and asked Mr. Dement and Chief Blair to come up with a comparison of the two methods.

- Mr. MacVittie commented that we are not taking all the water that we could – we are losing water from broken water lines coming from the springs. He also spoke of maintenance that needs to be done at our springs, and said that a new beam needs to be placed in one spring, which could be somewhat dangerous. The possibility of hiring an outside firm was discussed, and it was suggested that the mining company may have the equipment and ability to do this work.
- Vice Mayor Currier asked how much it cost us to fix the leak on Sunshine Hill. Ms. Gallagher said that it was primarily our labor. Mr. Dement agreed, and said that the part needed to fix it was only \$50. Mr. Currier asked what the labor costs were. Mr. Dement replied that he would have to figure that out.
- Ms. Gallagher confirmed that, at this time, there are no hookup fees anticipated in the water and sewer budgets. There will be something included in the contingency budget for this.
- Vice Mayor Currier commented that the town crew will be committed to repairing the Hampshire water line, the springs and the septic tanks. He urged Mr. Dement to keep track of these things so the crew is not overcommitted. Mr. Currier said that he looks at our crew as a fast response team – a crisis management team – and only secondarily as a capital improvement team. He

doesn't want them to find themselves buried under projects that they cannot complete. Mr. MacVittie suggested that we get a few bids for these projects, so that we have a backup if needed.

Sanitation

- Ms. Gallagher noted that the draft budget for sanitation is in line with that of other years. If Council would like to make a cut, she said, they have the option of removing the \$5,000 that has been set aside for the garbage truck.
- Vice Mayor Currier asked if tipping fees will be going up. Ms. Gallagher said that they would, and added that we will also have tipping fees for the town clean up events.
- Councilmember Hunt asked why wages and salaries went down while benefit costs went up. Ms. Gallagher explained that salary expenditures for sanitation went down because of the reallocation of public works salaries. Benefit costs went up because there was a marked increase this year in workers compensation costs. Mr. Hunt asked how many employees are in the sanitation department. Ms. Cretti explained that it is based on the salary allocation. Ms. Gallagher said that the \$36,000 shown in salaries under Sanitation is a percentage of the entire salaries for the town crew.
- Mr. Currier noted that every year we underestimate worker's comp and end up spending more. Ms. Gallagher agreed, and said that the rates are set based on claims. We had a couple of large claims over the last few years.
 - Chief Blair said that we recently had a loss control seminar, which included the town crew, to try to reduce our rates.
 - Mr. Currier suggested that we appoint someone to be a workplace monitor. Ms. Gallagher said that the other Verde Valley towns have gotten together and have considered hiring someone as a Safety Officer to serve all the towns, but the cost to Jerome would be almost \$4,000. Vice Mayor Currier said that maybe we should look into this person. Ms. Gallagher said that she can find out more about it. We may be able to contract that person out and pay an hourly rate. She noted that we already have that kind of monitoring with the Risk Pool – they have a person who comes here, does inspections and makes suggestions.
 - Chief Blair noted that the devastating Yarnell fire impacted worker's comp rates, as we are covered by the same pool that covered the Yarnell firefighters. He said that everybody is getting hit hard.
 - There was discussion regarding the nature of our worker's comp injuries. Ms. Gallagher said that she cannot name names, but it was primarily a trip and fall and back injuries. She also noted that injuries that occur during training exercises offsite, even if they are the fault of the facility, are charged to our worker's comp.
- Mr. Hunt asked about software support expense, and whether billing could be done manually. Ms. Cretti replied that, to do so, we would need to hire more staff. She explained that we have SENSUS, (the touch read system for our meters), BILLMASTER (which produces the bills), and CYMA (for the general ledger). A software package that would combine these three items could be around \$60,000-\$100,000. BILLMASTER, she said, was the most highly recommended software that we could find – it is considered an industry standard.

Other items

- **Credit Cards:** Ms. Gallagher reported that the Town is now accepting credit

	<p>cards. People can call in to make a payment, but we are not set up to pay online.</p> <ul style="list-style-type: none"> • Middle Park: There was discussion regarding the Paradise tree that was cut down in Middle Park and how they will get rid of the stump. The tree was removed because it was dead. It was also located directly beneath a utility line. Council discussed what type of tree to purchase to replace the tree that was removed. Suggestions included Arizona Ash or Sycamore. Mr. Dement said that it would probably be planted in the fall. Also discussed was its placement to avoid problems with the overhead line. • Signage: Mayor Check relayed that Judge Dwyer has recommended that Council consider removing the sign at the old town hall because it has been confusing to some people who were trying to find the current town hall. Vice Mayor Currier suggested installing a bronze plaque at the old town hall identifying it as the "historic" town hall. <p>The Mayor also stated that the current Town Hall needs a new sign.</p> <p>There was discussion regarding the need for certain street signs in town. It was generally agreed that they are needed at 1st Street and Hull Avenue, by the Flatiron, on Hampshire and on Clark. Chief Blair said that it would not need to go before Design Review if they are standard street signs. Ms. Gallagher estimated that each sign would cost approximately \$200.</p> <p>It was discussed and generally agreed to review the budgets for police, fire and streets at the next budget meeting.</p>
<p>ITEM #3: 4:06 pm</p>	<p>EMERGENCY DISPATCH SERVICES</p> <p>Council will review, and may approve, an agreement with the City of Cottonwood for emergency dispatch services for fire and first aid calls.</p> <p>Ms. Gallagher explained that this agreement covers fire and first aid dispatch only. The Town Attorney has reviewed the agreement, some changes were made at his request, and it is now good to go. Councilmember Hunt asked who wrote the contract, and Chief Blair replied that it was prepared by Cottonwood and reviewed by several entities.</p> <p>Motion: Councilmember Bassett made a motion to accept the agreement with the City of Cottonwood. It was seconded by Vice Mayor Currier.</p> <p>Chief Blair explained that the reason we are switching to this call center is because Sedona would be charging us \$10,000 (as compared to the \$4,779 we will be paying Cottonwood), and we need to go with the same dispatcher as Verde Valley Ambulance.</p> <p>Ms. Cretti asked if we will need new equipment. Chief Blair replied that he saved all the old equipment and it can be reprogrammed.</p> <p>Vice Mayor Currier asked why we do not use the same dispatch as the police department. Chief Blair said it is because the police are getting a better deal through Camp Verde.</p> <p>Chief Blair explained that 9-1-1 calls will go through either agency.</p> <p>Mayor Check called the question and the motion passed with 3 ayes, 1 nay by Councilmember Hunt and 0 abstentions.</p>
<p>ITEM #4:</p>	<p>ELECTION SERVICES</p> <p>Council will review, and may approve, an agreement with Yavapai County for election services.</p>

	<p>Ms. Gallagher said that the Town Attorney has requested a change to this agreement, and she asked that action be delayed until that change is made. She expects this to be on the June regular meeting agenda.</p> <p>Following a brief discussion,</p> <p>Motion: Vice Mayor Currier made a motion to table this agreement until it is released by the Town Attorney. It was seconded by Mayor Check and the motion passed with 4 ayes, 0 nays and 0 abstentions.</p>
ITEM #5:	<p>ADJOURNMENT</p> <p>Upon motion by Councilmember Bassett seconded by Vice Mayor Currier and unanimously approved, the meeting was adjourned at 4:26 p.m.</p>

Edited by Town Manager/Clerk Candace Gallagher from minutes taken and transcribed by Deputy Town Clerk Rosemarie Shemaitis.

APPROVE:

ATTEST:

Nikki Check, Mayor

Candace B. Gallagher, CMC, Town Manager/Clerk

Date: _____